



County of San Bernardino  
F A S  
STANDARD CONTRACT

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel		Vendor Code <b>VAVRINE289</b>		Dept. <b>SC</b> ACR <b>ACR</b> A <b>A</b>		Contract Number	
County Department <b>Auditor/Controller-Recorder</b>				Dept. <b>ACR</b> Orgn. <b>ACR</b>		Contractor's License No.	
County Department Contract Representative <b>HOWARD OCHI</b>				Telephone <b>909-386-8821</b>		Total Contract Amount <b>542,050.00</b>	
Commodity Code Audit Services		Contract Start Date May 2003		Contract End Date April 2006		Original Amount Amendment Amount	
Fund <b>AAA</b>	Dept. <b>ACR</b>	Organization <b>ACR</b>	Appr. <b>200</b>	Obj/Rev Source <b>2405</b>	GRC/PROJ/JOB No.	Amt <b>106,970.00</b>	
Fund <b>EAD</b>	Dept. <b>MCR</b>	Organization <b>MCR</b>	Appr. <b>200</b>	Obj/Rev Source <b>2405</b>	GRC/PROJ/JOB No.	Amt <b>68,830.00</b>	
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amt	
Project Name <b>Multi-Year CAFR Audit</b>			Estimated Payment Total by Fiscal Year				
			FY	Amount	I/D	FY	Amount I/D
			<b>03</b>	<b>175,800.00</b>			
			<b>04</b>	<b>180,850.00</b>			<b>See agenda</b>
			<b>05</b>	<b>185,400.00</b>			<b>See agenda</b>

**THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the County, and**

Name  
Vavrinek, Trine, Day & Co., LLP

Address  
8270 Aspen Street

Rancho Cucamonga, CA 91730

Telephone  
909.466.4410

Federal ID No. or Social Security No.

Hereinafter called **VENDOR**

**IT IS HEREBY AGREED AS FOLLOWS:**

*(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)*

**WHEREAS,** the **COUNTY** of San Bernardino, through the Auditor/Controller-Recorder's Office, solicited proposals for a three year contract for the annual financial/single audits for the fiscal years ending June 30, 2003; June 30, 2004; and June 30, 2005; and

**WHEREAS, VENDOR** is a well-recognized firm possessing the necessary knowledge and skills to perform the tasks required.

**NOW THEREFORE,** it is mutually agreed as follows:

**COUNTY** hereby retains **VENDOR**, and **VENDOR** hereby accepts such assignment to perform those services subject to those terms and conditions hereinafter set forth.

## I. SCOPE OF WORK

- A. **VENDOR** shall conduct an audit of the **COUNTY's Basic Financial Statements** for the fiscal years ending June 30, 2003; June 30, 2004; and June 30, 2005 in accordance with generally accepted auditing standards for the purpose of determining whether or not such financial statements fairly present the financial position and results of operations of the COUNTY in accordance with generally accepted governmental accounting principles. The audit examination shall incorporate requirements of all applicable standards of the Governmental Accounting Standards Board and Government Auditing Standards.
- B. **VENDOR** shall provide advice and assistance to the County regarding meeting the requirements of the Certificate of Achievement for Excellence in Financial Reporting pursuant to Government Finance Officers Association standards.
- C. **VENDOR** shall conduct an audit of the County pursuant to the Single Audit Act of 1984, as amended, (Public Law 98-502) that can include up to a total of 10 programs per fiscal year.
- D. **VENDOR** shall conduct a separate audit, including preparation of the financial statements, of the Arrowhead Regional Medical Center (ARMC), which is an Enterprise Fund.
- E. **VENDOR** shall perform an agreed upon procedures report for the Gann Appropriation Limit.
- F. **VENDOR** shall prepare Recommendations (Management Letter) pertaining to improvements in internal controls.
- G. **VENDOR** shall provide eight (8) hours of training to the Auditor/Controller-Recorder staff each year at no charge. The training shall cover the latest pronouncements of the authoritative bodies in governmental accounting and auditing and shall be conducted in the Auditor/Controller-Recorder building at a time to be mutually convenient.

## II. DUE DATES

- A. **VENDOR** shall provide the **COUNTY** a draft audit report on ARMC by October 15<sup>th</sup> immediately following the end of the applicable fiscal year. The ARMC draft audit report can include the estimated Medicare Cost Report information.
- B. **VENDOR** shall provide the **COUNTY** an opinion letter on the **COUNTY's Comprehensive Annual Financial Report (CAFR)** and the final audit report on ARMC by December 15<sup>th</sup> immediately following the end of the applicable fiscal year.
- C. **VENDOR** shall provide the **COUNTY** the Single Audit Report to the **COUNTY** by March 15<sup>th</sup> immediately following the end of the applicable fiscal year.
- D. **VENDOR** shall provide the **COUNTY** the Management Letter by March 15<sup>th</sup> immediately following the end of the applicable fiscal year.
- E. **VENDOR** shall provide the **COUNTY** the Gann Appropriation Limit Report by October 15<sup>th</sup> immediately following the end of the applicable fiscal year.

## III. COUNTY ASSISTANCE AND COOPERATION

**COUNTY** will ensure that the general ledgers of the **COUNTY** are closed and in balance no later than August 31<sup>st</sup> immediately following the end of the applicable fiscal year.

**COUNTY** will give timely cooperation to the **VENDOR** including providing **VENDOR** with adequate working space and reasonable access to **COUNTY'S** books, records, files and personnel. **COUNTY** shall make available without charge, the services of its Internal Audit staff, collectively, for a total of 1,000 hours for each fiscal year audit. The Internal Audit staff should only be utilized to assist the **VENDOR** in the audits and should not be for leading any part of the audits. The **VENDOR** must provide the training and supervision of the Internal Audit staff.

#### IV. COMPENSATION

- A. As total compensation for all services to be performed by **VENDOR** under this contract, **COUNTY** shall pay **VENDOR** an amount not to exceed \$155,800 for the audit of fiscal year ended June 30, 2003; \$160,850 for the audit of fiscal year ended June 30, 2004; and \$165,400 for the audit of fiscal year ended June 30, 2005. These amounts do not include the incentives outlined in IV. B. and C. Partial payment is authorized on the basis of monthly progress billing. However, no more than 90% of each fiscal year's fee shall be paid before receipt of the required reports for each fiscal year audit.
- B. The **COUNTY** shall pay the **VENDOR** \$1,000 of incentive per calendar day for each day the draft ARMC audit report is received prior to October 15<sup>th</sup>, immediately following the end of the applicable fiscal year, up to a maximum of \$5,000, for each fiscal year audit.
- C. The **COUNTY** shall pay the **VENDOR** \$1,000 of incentive per calendar day for each day the CAFR opinion letter is received prior to December 15<sup>th</sup>, immediately following the end of the applicable fiscal year, up to a maximum of \$15,000, for each fiscal year audit.
- D. If the dates identified in B and C above are not met, **VENDOR** may not claim it is owed incentive compensation for the amount it could have earned if **COUNTY** had not caused a delay.
- E. It is mutually agreed that the **COUNTY** and the public would sustain damages as a result of the failure of the **VENDOR** to provide its opinion letter on the CAFR by December 15, immediately following the end of the applicable fiscal years. Since the parties agree and acknowledge that it would be impracticable or extremely difficult to fix the actual damages so sustained, the **VENDOR** and the **COUNTY** have agreed, following negotiation, that **VENDOR** shall be assessed the amount of \$1,000 per calendar day for each calendar day its opinion letter on the CAFR is received by the **COUNTY** after December 15, immediately following the end of the applicable fiscal years. Such amount is agreed to be liquidated damages pursuant to the terms of this Agreement and California Civil Code Section 1671 and are not intended as forfeiture or penalty within the meaning of California Civil Code Sections 3275 or 3369. The **COUNTY** and the **VENDOR** shall agree to a schedule of timelines at the beginning of each fiscal year audit that will be the basis for the assessment of the liquidated damages. Liquidated damages will not be assessed against **VENDOR** if **VENDOR'S** failure to meet the established dates is a result of **COUNTY'S** actions or omissions.
- F. The Auditor/Controller-Recorder is authorized to assess or waive any liquidated damages pursuant to this Agreement without further approval from the Board of Supervisors.

#### V. GENERAL AGREEMENT TERMS

A. GENERAL

1. Representation of the County

In the performance of the Agreement, **VENDOR**, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the County of San Bernardino.

2. Vendor Primary Contact

The **VENDOR** will designate an individual to serve as the primary point of contact for the Agreement. **VENDOR** or designee must respond to **COUNTY** inquiries within two- (2) business days. **VENDOR** shall not change the primary contact without written acknowledgement to the **COUNTY**.

3. Change of Address

**VENDOR** shall notify the **COUNTY** in writing, of any change in mailing address within ten (10) business days of the change.

4. Subcontracting

**VENDOR** agrees not to enter into any subcontracting agreements for work contemplated under the Agreement without first obtaining written approval from the **COUNTY**. Any subcontracting shall be subject to the same terms and conditions as **VENDOR**. **VENDOR** shall be fully responsible for the performance and payments of any subcontractor's contract.

5. Agreement Assignability

Without the prior written consent of the **COUNTY**, the agreement is not assignable by **VENDOR** either in whole or in part.

6. Agreement Amendments

**VENDOR** agrees any alterations, variations, modifications, or waivers of the provisions of the Agreement, shall be valid only when reduced to writing, executed and attached to the original Agreement and approved by the required persons.

7. Termination for Convenience

The **COUNTY** for its convenience may terminate this Agreement in whole or in part upon thirty - (30) calendar day's written notice. If such termination is effected, an equitable adjustment in the price provided for in this Agreement shall be made. Such adjustment shall provide for payment to the **VENDOR** for services satisfactorily rendered and reasonable expenses incurred prior to the effective date of termination. Upon receipt of termination notice **VENDOR** shall promptly discontinue services unless the notice directs otherwise. Vendor shall deliver promptly to County and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

8. Attorney Fees and Costs

If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorneys' fees directly arising from a third-party legal action against a party hereto and payable under Part B-1 INDEMNIFICATION.

9. Venue

The venue of any action or claim brought by any party to this Agreement will be the Superior Court of California, County of San Bernardino. Each party hereby waives any law or rule of the court, which would

allow them to request or demand a change of venue. If any action or claim concerning this Agreement is brought by any third-party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to San Bernardino County.

10. Jury Trial Waiver

**VENDOR** and **COUNTY** hereby waive their respective rights to trial by jury for any cause of action, claim, counterclaim, or cross-complaint in any action, proceeding, and/or hearing brought by either **VENDOR** against **COUNTY** or **COUNTY** against **VENDOR** on any matter arising out of, or in any way connected with this Agreement, the relationship of **VENDOR** and **COUNTY**, or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

11. Licenses and Permits

**VENDOR** shall ensure that it has all necessary licenses and permits required by the laws of Federal, State, **COUNTY**, and municipal laws, ordinances, rules and regulations. The **VENDOR** shall maintain these licenses and permits in effect for the duration of this Agreement. **VENDOR** will notify **COUNTY** immediately of loss or suspension of any such licenses and permits. Failure to maintain a required license or permit may result in immediate termination of this Agreement. In addition, **VENDOR** will notify **COUNTY** immediately of any proposed action or action taken by an administrative agency with jurisdiction over **VENDOR** during the term of this Agreement, even if the proposed action or action does not involve **VENDOR'S** services to the **COUNTY**. Failure to notify the **COUNTY** pursuant to this provision may result in an immediate termination of this Agreement.

12. Notification Regarding Performance

In the event of a problem or potential problem that could impact the quality or quantity of work, services, or the level of performance under this Agreement, the **VENDOR** shall notify the **COUNTY** within one- (1) working day, in writing and by telephone.

13. Conflict of Interest

**VENDOR** shall make all reasonable efforts to ensure that no County officer or employee, whose position in the County enables him/her to influence any award of this contract or any competing offer, shall have any direct or indirect financial interest resulting from the award of this contract or shall have any relationship to the **VENDOR** or officer or employee of the **VENDOR**.

14. Improper Consideration

**VENDOR** shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the **COUNTY** in an attempt to secure favorable treatment regarding this Agreement.

The **COUNTY**, by written notice, may immediately terminate any Agreement if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the **COUNTY** with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once an Agreement has been awarded.

**VENDOR** shall immediately report any attempt by a County officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from **VENDOR**. The report shall be made to the supervisor or manager charged with supervision of the employee or to the County Administrative Office. In

the event of a termination under this provision, the **COUNTY** is entitled to pursue any available legal remedies.

15. Inaccuracies or Misrepresentations

If in the course of the RFP process or in the administration of a resulting Agreement, the **COUNTY** determines that **VENDOR** has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the **COUNTY**, the **VENDOR** may be terminated from the RFP process or in the event an Agreement has been awarded, the Agreement may be immediately terminated.

In the event of a termination under this provision, the **COUNTY** is entitled to pursue any available legal remedies.

16. Employment of Former County Officials

**VENDOR** agrees to provide or has already provided information on former County of San Bernardino administrative officials (as defined below) who are employed by or represent **VENDOR**. The information provided includes a list of former county administrative officials who terminated county employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of vendor. For purposes of this provision, "county administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, county department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

17. Recycled Paper Products

The **COUNTY** has adopted a recycled product purchasing standards policy (11-10), which requires contractors to use recycled paper for proposals and for any printed or photocopied material created as a result of a contract with the **COUNTY**. The policy also requires Contractors to use both sides of paper sheets for reports submitted to the **COUNTY** whenever practicable.

18. Artwork, Proofs and/or Negatives

All artwork, proofs and/or negatives in either print or digital format for this product are the property of the County of San Bernardino. These items must be returned to the County of San Bernardino within ten (10) days, upon written notification to the **VENDOR**. In the event of a failure to return the documents, the County is entitled to pursue any available legal remedies. In addition, the **VENDOR** will be barred from all future solicitations, for a period of at least six- (6) months.

19. Ownership of Documents

Exclusive of work papers prepared in the conduct of this engagement, all documents, data, products, graphics, computer programs and reports prepared by **VENDOR** pursuant to this Agreement shall be considered property of the **COUNTY** upon payment for services. All such items shall be delivered to **COUNTY** at the completion of work under this Agreement, subject to the requirements of Section V, A-7 (Termination for Convenience). Unless otherwise directed by **COUNTY**, **VENDOR** may retain copies of such items.

20. Release of Information

No news releases, advertisements, public announcements or photographs arising out of this Agreement or **VENDOR'S** relationship with **COUNTY** may be made or used without prior written approval of the **COUNTY**.

21. Key Personnel

**VENDOR** has identified in Exhibit A attached hereto, the persons who will provide services to the **COUNTY** pursuant to this Agreement. Those persons are "key personnel" for purposes of this Agreement. **VENDOR**

shall not change key personnel without the COUNTY'S written permission. The COUNTY may request the removal of key personnel at any time if it is in the COUNTY'S best interests to so do.

## B. INDEMNIFICATION AND INSURANCE REQUIREMENTS

### 1. Indemnification

The VENDOR agrees to indemnify, defend and hold harmless the COUNTY and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising from VENDOR'S acts, errors or omissions and for any costs or expenses incurred by the COUNTY on account of any claim therefore, except where such indemnification is prohibited by law.

### 2. Insurance Coverage

Without in any way affecting the indemnity herein provided and in addition thereto, the **VENDOR** shall secure and maintain throughout the Agreement the following types of insurance with limits as shown:

- a) Workers' Compensation - A program of Workers' Compensation insurance or a State-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits, covering all persons providing services on behalf of the VENDOR and all risks to such persons under this Agreement.

If VENDOR has no employees, it may certify or warrant to COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Risk Manager.

With respect to **VENDORS** that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance. If the County's Risk Manager determines that there is no reasonably priced coverage for volunteers, evidence of participation in a volunteer insurance program may be substituted.

- b) Comprehensive General and Automobile Liability Insurance - This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage of not less than one million dollars (\$1,000,000).
- c) Errors and Omission Liability Insurance – Combined single limits of \$1,000,000 for bodily injury and property damage and \$3,000,000 in the aggregate; or
- d) Professional Liability – Professional liability insurance with limits of at least \$1,000,000 per claim or occurrence.

### 3. Additional Named Insured

All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the **COUNTY** and its officers, employees, agents and

volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder.

### 4. Waiver of Subrogation Rights

The **VENDOR** shall require the carriers of the above-required coverages to waive all rights of subrogation against the **COUNTY**, its officers, employees, agents, volunteers, Vendors, and subcontractor.

5. Policies Primary and Non-Contributory

All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the **COUNTY**.

6. Proof of Coverage

The **VENDOR** shall immediately furnish certificates of insurance to the **COUNTY** Department administering the Agreement evidencing the insurance coverage, including the endorsements above required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department. **VENDOR** shall maintain such insurance from the time **VENDOR** commences performance of services hereunder until the completion of such services. Within sixty- (60) days of the commencement of this Agreement, the **VENDOR** shall furnish certified copies of the policies and all endorsements.

7. Insurance Review

The above insurance requirements are subject to periodic review by the **COUNTY**. The County's Risk Manager is authorized, but not required, to reduce or waive any of the above insurance requirements whenever the Risk Manager determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interests of the **COUNTY**. In addition, if the Risk Manager determines that heretofore, unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager is authorized but not required, to change the above insurance requirements, to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the **COUNTY**, inflation, or any other item reasonably related to the County's risk.

Any such reduction or waiver for the entire term of the Agreement and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. **VENDOR** agrees to execute any such amendment within thirty- (30) days of receipt.

C. RIGHT TO MONITOR AND AUDIT

1. Right to Monitor

The **COUNTY** shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of **VENDOR** in the delivery of services provided under this Agreement. **VENDOR** shall give full cooperation, in any auditing or monitoring conducted. **VENDOR** shall cooperate with the **COUNTY** in the implementation, monitoring and evaluation of this agreement and comply with any and all reporting requirements established by the **COUNTY**.

2. Availability of Records

All records pertaining to services delivered and all fiscal, statistical and management books and records shall be available for examination and audit by **COUNTY** representatives for a period of three years after final payment under the Agreement or until all pending **COUNTY**, State and Federal audits are completed, whichever is later.

V. ENTIRE AGREEMENT



**Vavrinek, Trine, Day & Co., LLP**  
**Multi-year Financial/Single Audit**

This agreement is intended by the parties hereto as a final expression of their agreement and understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms hereof and supersedes any and all prior and contemporaneous agreements and understandings. This agreement may be changed or modified only upon the written consent of the parties hereto.

## **VI. GENERAL**

This agreement shall be governed by the laws of the State of California. Venue for any lawsuit pertaining to this contract shall be the Superior Court of California, County of San Bernardino.

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## VII. NOTICES AND REPORTS

Any notices and reports required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth below.

**COUNTY:** **LARRY WALKER**  
**County Auditor/Controller-Recorder**  
**222 W. Hospitality Lane, 4th Floor**  
**San Bernardino, CA 92415-0018**

**VENDOR:** **Kevin T. Pulliam, Partner**  
**Vavrinek, Trine, Day & Co., LLP**  
**8270 Aspen Street**  
**Rancho Cucamonga, CA 91730**

COUNTY OF SAN BERNARDINO

Vavrinek, Trine, Day & Co., LLP  
(Print or type name of corporation, company, contractor, etc.)

► \_\_\_\_\_  
Dennis Hansberger, Chairman, Board of Supervisors

By ► \_\_\_\_\_  
(Authorized signature - sign in blue ink)

Dated: \_\_\_\_\_

Name \_\_\_\_\_  
(Print or type name of person signing contract)

SIGNED AND CERTIFIED THAT A COPY OF THIS  
DOCUMENT HAS BEEN DELIVERED TO THE  
CHAIRMAN OF THE BOARD

Title \_\_\_\_\_  
(Print or Type)

Clerk of the Board of Supervisors  
of the County of San Bernardino.

Dated: \_\_\_\_\_

By \_\_\_\_\_ Address: \_\_\_\_\_  
Deputy

Approved as to Legal Form

Reviewed by Contract Compliance

Presented to BOS for Signature

► \_\_\_\_\_  
Michelle Blakemore, Deputy County Counsel

► \_\_\_\_\_

► \_\_\_\_\_  
Larry Walker, Auditor/Controller-Recorder

Date \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**KEY PERSONNEL**

Kevin Pulliam, CPA  
Audit Partner

Roger Alfaro, CPA  
Audit Manager

David Showalter, CPA  
Audit Supervisor

Lori Nicoson, CPA  
Audit Supervisor